

BANK INDONESIA REGULATION
NUMBER 16/18/PBI/2014
CONCERNING
AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 15/8/PBI/2013 ON HEDGING TRANSACTIONS TO BANKS

BY THE GRACE OF GOD ALMIGHTY

GOVERNOR OF BANK INDONESIA,

- Considering:
- a. that the objective of Bank Indonesia is to achieve and maintain the stability of Rupiah;
 - b. that the stability of Rupiah, which is among others influenced by the stability of rupiah exchange rate, requires the support of financial market particularly a deep domestic foreign exchange market to maintain the sustainability of national economic activities;
 - c. that in order to maintain the sustainability of national economic activities it requires the strengthening of domestic foreign exchange market structure through the enhancement of hedging transactions to banks;
 - d. that Bank Indonesia's role is required to encourage the deepening of domestic foreign exchange market through the harmonization of regulations with a comprehensive coverage, in particular related to the hedging transactions to banks;
 - e. that based on the considerations as referred to in letter a, letter b, letter c, and letter d, it is necessary to make an amendment to Bank Indonesia Regulation Number 15/8/PBI/2013 concerning Hedging Transactions to Banks;

- In view of:
- 1. Act Number 23 Year 1999 concerning Bank Indonesia (State Gazette of The Republic of Indonesia Year 1999

Number ...

Number 66, Supplement to the State Gazette of The Republic of Indonesia Number 3843) as amended several time most recently by Act Number 6 Year 2009 concerning Stipulation of Government Regulation in Lieu of Act Number 2 Year 2008 on the Second Amendment to Act Number 23 Year 1999 concerning Bank Indonesia to become Act (State Gazette of The Republic of Indonesia Year 2009 Number 7, Supplement to the State Gazette of The Republic of Indonesia Number 4962);

2. Act Number 24 Year 1999 concerning Foreign Exchange Flow and Exchange Rate System (State Gazette of The Republic of Indonesia Year 1999 Number 67, Supplement to the State Gazette of The Republic of Indonesia Number 3844);

DECIDES:

To issue: BANK INDONESIA REGULATION CONCERNING
AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 15/8/PBI/2013 ON HEDGING TRANSACTIONS
TO BANKS.

Article I

Several provisions in Bank Indonesia Regulation Number 15/8/PBI/2013 concerning Hedging Transactions to Banks (State Gazette of The Republic of Indonesia Year 2013 Number 162, Supplement to the State Gazette of The Republic of Indonesia Number 5451) are amended to read as follows:

1. Provision of Article 3 is amended to read as follows:

Article ...

Article 3

- (1) Hedging transactions as referred to in Article 2 paragraph (2) must be performed in accordance with Bank Indonesia regulation that governs foreign exchange transactions against Rupiah between Banks and domestic parties.
- (2) In performing Hedging Transactions as referred to in Article 2 paragraph (2), Banks are obligated to meet Bank Indonesia regulation that governs derivative transactions.
- (3) In performing Hedging Transactions as referred to in Article 2 paragraph (2), Banks are obligated to apply risk management in accordance with the regulation on application of Banks' risk management issued by the authorities.

2. Provision of Article 4 is amended to read as follows:

Article 4

- (1) Hedging Transactions must be supported by underlying transaction documents and/or supporting documents in accordance with Bank Indonesia regulation that governs foreign exchange transactions against Rupiah between Banks and the domestic parties.
- (2) Nominal value of the Hedging Transactions shall not exceed the nominal value of the underlying transactions specified in the underlying transaction documents.
- (3) The tenor of Hedging Transactions shall not exceed the tenor of the underlying transactions specified in the underlying transaction documents.

3. Provision of Article 5 is amended to read as follows:

Article 5

Settlements of Hedging Transactions shall be performed in accordance with Bank Indonesia regulation that governs foreign exchange transactions against Rupiah between Banks and domestic parties.

4. Provision of Article 8 is amended to read as follows:

Article 8

- (1) Banks that violate regulation as referred to in Article 3 paragraph (1) and Article 4 shall be imposed sanctions in accordance with Bank Indonesia regulation that governs foreign exchange transactions against Rupiah between Banks and the domestic parties.
- (2) Banks that violate regulation as referred to in Article 3 paragraph (3) shall be imposed sanctions in accordance with Bank Indonesia regulation that governs derivative transactions.
- (3) Banks that violate regulation as referred to in Article 3 paragraph (3) shall be imposed sanctions in accordance with the regulation concerning the application of Bank's risk management issued by the authorities.
- (4) Banks that violate regulation as referred to in Article 7 shall be imposed sanctions in accordance with Bank Indonesia regulation that governs commercial banks' daily reports.

5. Between Article 9 and Article 10 is inserted 1 (one) article, namely Article 9A so as to read as follows:

Article 9A

At the time this Bank Indonesia Regulation comes into force, Bank Indonesia Circular No. 15/42/DPM dated 8 October 2013 concerning Hedging Transactions to Banks is revoked and declared invalid.

Article II

This Regulation of Bank Indonesia comes into force on 10 November 2014.

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For public cognizance, ordering the promulgation of this Regulation of Bank Indonesia by placing it in the State Gazette of The Republic of Indonesia.

Issued in Jakarta
on 17 September 2014

GOVERNOR OF BANK INDONESIA,

AGUS D. W. MARTOWARDOJO

Enacted in Jakarta
on 17 September 2014

MINISTER OF LAW AND HUMAN RIGHTS
THE REPUBLIC OF INDONESIA,

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2014
NUMBER 214
DPM